

GENERAL WARRANTY DEED

THE STATE OF TEXAS §
 §
 COUNTY OF SAN PATRICIO §

KNOW ALL MEN BY THESE PRESENTS

That American Energy Leasing, Inc., a Delaware corporation, acting herein by and through its hereunto duly authorized officers (herein called "Grantor"), for and in consideration of (i) the sum of Ten and No/100 Dollars (\$10.00) cash and other good and valuable consideration paid by Falcon Refining Company, a Louisiana corporation, whose address is 7322 Southwest Freeway, Suite 850, Houston, Texas 77075 (herein called "Grantee"), the receipt and sufficiency of which are hereby acknowledged and confessed, and (ii) the further consideration of the promise to pay by Grantee to Grantor the principal sum of Two Million Five Hundred Seventy-Six Thousand Nine Hundred Ninety-Five And 00/100 Dollars (\$2,576,995.00), pursuant to two promissory notes (the "Notes") both of even date herewith, one in the original principal sum of Three Hundred Seventy-Six Thousand Nine Hundred Ninety-Five And No/100 Dollars (\$376,995.00) and a second in the original principal sum of Two Million Two Hundred Thousand And No/100 Dollars (\$2,200,000.00), bearing interest at the rate therein stipulated, executed by Grantee, payable to the order of Grantor, as therein provided, reference being hereby made to the Notes for a more particular description of their terms and provisions, which Notes are secured in their payment by the Vendor's Lien and Superior Title hereinafter reserved and retained by Grantor and are additionally secured by liens and security interests created in a Deed Of Trust And Security Agreement of even date herewith, from Grantee to Richard F. Bergner, Trustee, conveying unto said Trustee, among other things, the hereinafter described real property and all improvements thereon, reference being hereby made to said Deed Of Trust And Security Agreement for a more particular description of its terms and provisions, has GRANTED, SOLD and CONVEYED, and by these presents does hereby GRANT, SELL and CONVEY unto Grantee, subject to the exceptions and reservations hereinafter set forth, the surface only of the certain 59.258 acres of land, more or less, situated in San Patricio County, Texas, and described by metes and bounds in the Exhibit "A," attached hereto and made a part hereof for all purposes, together with all improvements located thereon.

This conveyance and the warranty hereinafter contained are made and accepted subject to the easements, rights-of-way and other matters of record described in Exhibit "B," attached hereto and made a part hereof for all purposes.

TO HAVE AND TO HOLD the above described real property, together with all and singular the rights and appurtenances thereto in anywise belonging unto Grantee, its successors and assigns forever, and Grantor does hereby bind itself, its successors and assigns, to warrant and forever defend all and singular the above described real property unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

But it is expressly agreed that a Vendor's Lien as well as the Superior Title in and to the above described real property and all improvements thereon is reserved and retained against said real property and improvements located thereon, until the Notes and all interest therein are fully paid according to the face, tenor, effect and reading thereof, when this Deed shall become absolute.

Ad valorem taxes for the herein conveyed real property and all improvements located thereon for the year 1984 and the current year have been prorated as of August 14, 1985, and Grantee, by its acceptance hereof, which acceptance shall be conclusively deemed to have been made by the recording of this General Warranty Deed in the office of the County Clerk of San Patricio County, Texas, agrees to pay all ad valorem taxes in respect of the real property and the improvements located thereon for the years 1984 and 1985.

EXECUTED the 30 day of November, 1985.

ATTEST:

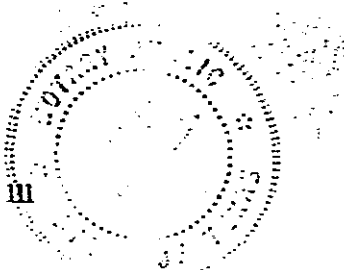

Susan J. Haywood, Secretary

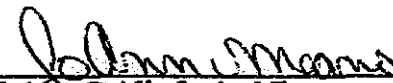
AMERICAN ENERGY LEASING, INC.

By 
Richard F. Bergner, President

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 30 day of November, 1985, by Richard F. Bergner, President of American Energy Leasing, Inc., a Texas corporation, on behalf of said corporation and in the capacity therein stated.




Notary Public In And For
The State Of T E X A S

JO ANN MEANS
Notary Public, State of Texas
My Commission Expires December 31, 1988
Bonded by Lovett Agency, Lawyers Surety Corp

8002 CHANCELLOR RDW
P. O. BOX 7747
CORPUS CHRISTI, TEXAS 78415
PHONE: (512) 854-0281
TELEX: 76-7699

MAVERICK
ENGINEERING
COMPANY

CORPUS CHRISTI, TEXAS
BRANCHES: HOUSTON, TEXAS
SAN ANTONIO, TEXAS
CORPUS CHRISTI, TEXAS

October 10, 1984

Job No. C 19,597

STATE OF TEXAS
COUNTY OF SAN PATRICIO

FILE NO. 360377

TRACT 1

FIELDNOTE DESCRIPTION of a portion of Lots 4 and 5, Block O, Burton and Danforth Subdivision, as shown by map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas, described as follows:

COMMENCING at the southeasterly corner of said Lot 4, being at the intersection of the centerline of Farm-to-Market Road 2725 with the centerline of a 40.00 foot public roadway between Blocks N and O of said subdivision;

THENCE, along the centerline of said 40.00 foot roadway and the southerly boundary of said Lot 4, N 55° 23' 00" W, at 50.00 feet pass the westerly right-of-way of said Farm-to-Market Road, in all 156.12 feet to the POINT OF BEGINNING of this tract;

THENCE, continuing along said centerline and boundary, N 55° 23' 00" W, 503.88 feet to the southwesterly corner of said Lot 5;

THENCE, along the westerly boundary of said Lot 5, N 34° 37' 00" E, at 20.00 feet pass a 5/8 inch iron rod found on the northerly right-of-way of said 40.00 foot roadway, in all 685.00 feet to a brass monument in concrete found;

THENCE, S 55° 23' 00" E, 610.00 feet to a 5/8 inch iron rod set on the westerly right-of-way of said Farm-to-Market Road;

THENCE, along said westerly right-of-way, S 34° 37' 00" W, 501.25 feet to a 5/8 inch iron rod found;

THENCE, N 55° 23' 00" W, 106.12 feet to a 5/8 inch iron rod found;

THENCE, S 34° 37' 00" W, at 163.75 feet pass a 5/8 inch iron rod found on the northerly right-of-way of said 40.00 foot roadway, in all 183.75 feet to the POINT OF BEGINNING.

CONTAINING 9.145 acres, more or less, of which 0.231 acre is in road right-of-way.

MAVERICK ENGINEERING COMPANY

BY:

Michael Haas
Michael Haas
Registered Public Surveyor
Texas No. 2033

MH:ms



360377

EXHIBIT "A"
PAGE 1 OF 3

154500

8002 CHANCELLOR ROW
P. O. BOX 7747
CORPUS CHRISTI, TEXAS 78415
PHONE: (512) 854-0281
TELEX: 76-7599



CORPORATE OFFICES:
CORPUS CHRISTI, TEXAS
BRANCHES: HOUSTON, TEXAS
SAN ANTONIO, TEXAS
CORPUS CHRISTI, TEXAS

October 10, 1984

Job No. C 19,597

FILE NO. 360377

STATE OF TEXAS
COUNTY OF SAN PATRICIO

TRACT 2

FIELDNOTE DESCRIPTION of all of Lots 1 and 2, and a portion of Lot 3, Block N, AND a portion of Lots 1 and 2, Block M, AND all of Lot 4, Block II, AND a portion of Lot 4, Block JJ, Burton and Danforth Subdivision, as shown by map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas, described as follows:

COMMENCING at the northwesterly corner of said Lot 3, Block N, being at the intersection of the centerline of Farm-to-Market Road 2725 with the centerline of a 40.00 foot roadway between Blocks N and O of said subdivision;

THENCE, along the centerline of said 40.00 foot roadway and the northerly boundary of said Lot 3, S 55° 23' 00" E, 50.00 feet to the easterly right-of-way of said Farm-to-Market Road, for the POINT OF BEGINNING of this tract;

THENCE, along said easterly right-of-way, S 34° 37' 00" W, at 20.00 feet pass a 5/8 inch iron rod set on the southerly right-of-way of said 40.00 foot roadway, at 1300.00 feet pass a 5/8 inch iron rod set on the northerly right-of-way of a 40.00 foot roadway between Blocks M and N of said subdivision, in all 1320.00 feet to a 5/8 inch iron rod set on the southerly boundary of said Lot 3, Block N, being on the centerline of said 40.00 foot roadway;

THENCE, along said centerline and southerly boundary, S 55° 23' 00" E, 280.00 feet to a 5/8 inch iron rod set at the southeasterly corner of said Lot 3, Block N, being the northwesterly corner of Lot 2, Block M;

THENCE, along the westerly boundary of said Lot 2, S 34° 37' 00" W, at 20.00 feet pass the southerly right-of-way of said 40.00 foot roadway, in all 660.00 feet to a 5/8 inch iron rod set;

THENCE, S 55° 23' 00" E, at 630.00 feet pass the westerly right-of-way of a 60.00 foot roadway between Blocks M and JJ, at 660.00 feet pass the centerline of said roadway and boundary between said Blocks M and JJ, in all 690.00 feet to a 5/8 inch iron rod found on the easterly right-of-way of said 60.00 foot roadway;

THENCE, along said easterly right-of-way, N 34° 37' 00" E, 420.89 feet to a 5/8 inch iron rod found;

THENCE, S 57° 11' 36" E, 219.92 feet to a 5/8 inch iron rod found;

THENCE, N 36° 16' 05" E, 252.27 feet to a 5/8 inch iron rod found on the northerly right-of-way of a 40.00 foot roadway between Blocks JJ and II;

THE STATE OF TEXAS
COUNTY OF SAN PATRICIO

CERTIFICATE OF LEGALITY AND AUTHENTICITY
OFFICIAL PUBLIC RECORDS OF REAL PROPERTY

I, DOTTIE MALEY, County Clerk of San Patricio County, Texas, do hereby certify that the microfilming of the images between the Title Page and the Certificate of Legality and Authenticity has been in strict accordance with Article 1941(a), Vernon's Texas Civil Statutes, and that each image is a true, correct and exact copy of the page or pages of the identified instrument of writing, legal document, paper, or record which has been filed for record on the date and at the time stamped on each; that no splice was made in the original negative film between the Title Page and this Certificate.

I do further certify that the preceding images are part of the Official Public Records of Real Property of San Patricio County, Texas, ending with

File No. 360377

Image Identification No. 154501

WITNESS MY HAND AND SEAL OF OFFICE, this the 1st day of June 1987.



Dottie Maley
DOTTIE MALEY, County Clerk
San Patricio County, Texas.

360377

1511 "A"
PAGE 2 OF 3

154501

THE STATE OF TEXAS
COUNTY OF SAN PATRICIO

TITLE PAGE
OFFICIAL PUBLIC RECORDS OF REAL PROPERTY

I, DOTTIE MALEY, County Clerk of San Patricio County, Texas, do hereby certify that the following images are part of the Official Public Records of Real Property of San Patricio County,

Texas, starting with File No. 360377 Image Identification No. 154502

WITNESS MY HAND AND SEAL OF OFFICE, this the 1st day of June 19 87.



Dottie Maley
DOTTIE MALEY, County Clerk
San Patricio County, Texas.

Job No. C 19,597

- 2 -

October 10, 1984

FILE NO.

360377

TRACT 2 (CONTINUED)

THENCE, along said northerly right-of-way, S 55° 23' 00" E, 72.92 feet to a 5/8 inch iron rod set on the boundary between Lots 3 and 4, Block II;

THENCE, along said boundary, N 34° 37' 00" E, at 1280.00 feet pass a 5/8 inch iron rod set on the southerly right-of-way of a 40.00 foot roadway between Blocks II and HH, in all 1300.00 feet to the centerline of said roadway, being the northeasterly corner of said Lot 4, Block II;

THENCE, along said centerline and the boundary between Blocks II and HH, and the boundary between Blocks H and O, N 55° 23' 00" N, 1270.00 feet to the POINT OF BEGINNING.

CONTAINING 50.113 acres, more or less, of which 4.070 acres is in road right-of-way.

MAVERICK ENGINEERING COMPANY

BY:

Michael Haas

Michael Haas
Registered Public Surveyor
Texas No. 2033

MH:ms



360377

154502

EXHIBIT A
PAGE 3 OF 3

RECORDER'S MEMORANDUM

At the time of recording, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All blockouts, additions and changes were present at the time the instrument was filed and recorded.

1. Rights of mineral estate owners and to the rights of those that hold under them; RCN
2. Easement, dated April 19, 1938, from Uni Oil, Inc. to Central Power and Light Company, recorded in Volume 586, Page 59, Deed Records, San Patricio County, Texas;
3. Road rights-of-way as shown on the Burton & Danforth Subdivision Map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas;
4. Easement, dated February 8, 1979, from Uni Oil Co. to Central Power and Light Company, recorded in Volume 607, Page 299, Deed Records, San Patricio County, Texas;
5. Agreement, dated February 2, 1965, from Brashear-Irwin Industries, Inc. to T.L. Bishop, recorded in Volume 311, Page 124, Deed Records, San Patricio County, Texas;
6. Terms and conditions of reservation of fee title to one certain fresh water line along with easement relative thereto as set out in Deed, dated June 22, 1968, from Brashear Industries, Inc. to L.V. Elliott, Trustee, recorded in Volume 372, Page 161, Deed Records, San Patricio County, Texas;
7. Assignment of Covenant to extend channel, dated October 25, 1977, from Mark P. Banjavich, et al, to T. Michael Hajecate, et al, recorded in Volume 567, Page 469, Deed Records, San Patricio County, Texas;
8. Right-of-way, dated July 15, 1952, from Conn Brown to United Gas Pipe Line Company, recorded in Volume 176, Page 485, Deed Records, San Patricio County, Texas;
9. Right-of-way, dated September 23, 1963, from E.D. Richmond, et al, to Sunray Mid-Continent Oil Company, recorded in Volume 297, Page 283, Deed Records, San Patricio County, Texas;
10. Right-of-way, dated March 16, 1962, from E.D. Richmond, Jr., et al, to the State of Texas, recorded in Volume 276, Page 109, Deed Records, San Patricio County, Texas, and
11. Right-of-way, dated July 3, 1934, from R.W. Coleman to San Patricio County, recorded in Volume 105, page 497, Deed Records, San Patricio County, Texas.

REPRODUCED FROM THE ORIGINAL
For the use of recordation, this instrument was found to be
inadequate for the best photographic reproduction
because of illegibility, carbon or photo copy, discolored
paper, etc. All blockouts, additions and changes were
present at the time the instrument was filed and recorded.

FILE NO. 360377

Leases, Easements and Permits

1. Lease Agreement dated March 26, 1979, from Coast Materials, Inc., as Lessor, to Uni Pipeline Company, as Lessee, covering the following described land situated in San Patricio County, Texas:

Being located on Red Fish Bay and BEGINNING at a point in the centerline of Ocean Drive, at 80 foot roadway opposite the Southeast corner of Lot Two (2), Bay Block Eight (8), as shown by map prepared by P. L. Telford dated December 9, 1909 and recorded in the Map Records of Aransas County, Texas; in Volume 1 at pages 62-63, a certified photostatic copy of which is filed in the Deed Records of San Patricio County, Texas, in Volume 152 at page 1, said point being in the Southeasterly projection of the South line of said Lot Two (2), Bay Block Eight (8) of said subdivision;

THENCE, N. 17° 16' 57" E., 345.7 feet along the centerline of Ocean Drive to a corner;

THENCE, N. 15° 24' 14" E., 349.46 feet along said centerline of Ocean Drive to a corner;

THENCE, N. 18° 04' 37" E., 344.24 feet along said centerline of Ocean Drive to a corner;

THENCE, N. 29° 15' E., 331.45 feet along said centerline of Ocean Drive to the Northwest corner of this tract;

THENCE, S. 55° 23' E., 270.01 feet with the Southeasterly projection of the North line of Lot Three (3), Bay Block Seven (7) of said subdivision to the shore of Red Fish Bay for the Northeast corner of this tract;

THENCE, with the shore of Red Fish Bay, S. 30° 06' 42" W., 331.02 feet;

THENCE, continuing with said shoreline, S. 32° 32' 03" W., 330.02 feet;

THENCE, along said shoreline, S. 32° 17' 15" E., 59.81 feet;

THENCE, along said shoreline, S. 16° 46' 10" W., 308.88 feet to a corner of this tract;

THENCE, along said shoreline, S. 23° 50' 07" W., 340.40 feet to the Southeast corner of this tract in the Southeasterly projection of the South line of Lot Two (2), Bay Block Eight (8) of said subdivision;

THENCE, N. 55° 23' W., 170.01 feet along said projection of the South line of said Lot Two (2) to the POINT OF BEGINNING, SAVE AND EXCEPT the East one-half (1/2) of Ocean Drive, an 80 foot roadway dedicated to the public use as such, containing 6.764 acres (including roadway), more or less, 5.505 acres, more or less, excluding one-half (1/2) roadway;

RECORDED'S MEMORANDUM

At the time of recording, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All abstractions, additions and changes were present at the time the instrument was filed and recorded.

EX. 60 360377

SAVE AND EXCEPT, however, the following:

Beginning at a point in the center line of Ocean Drive where the center line of Sunray Road, a forty (40') foot county road, crosses said center line of Ocean Drive as shown by Burton and Danforth Subdivision map recorded in Vol. 1 at pages 62-63 of the map records of Arkansas County, Texas, a certified photostatic copy of which is recorded in the Deed Records of San Patricio County, Texas, in Vol. 152, at page 1.

THENCE N. 18 deg. 4 min. 37 sec. East, 156.47 ft. along the center line of said Ocean Drive, an 80-foot roadway to the Northwest corner of this tract;

THENCE S. 55 deg. 25 min. East 218.55 feet to the shoreline of Redfish Bay for the Northeast corner of this tract;

THENCE S. 32 deg. 32 min. 3 sec. West, 150.1 feet with the shoreline of Redfish Bay;

THENCE S. 23 deg. 17 min. 15 sec. East, 59.47 feet along the shoreline;

THENCE S. 16 deg. 46 min. 10 sec. West, 308.88 feet along the shoreline;

THENCE S. 23 deg. 50 min. 7 sec. West, 340.40 feet along the shore to the Southeast corner of this tract;

THENCE N. 55 deg. 23 min. West, 170.17 feet to the Southwest corner in the center line of Ocean Drive;

THENCE N. 17 deg. 16 sec. 57 min. East, 345.70 feet with the center line of Ocean Drive to a corner;

THENCE N. 15 deg. 24 min. 14 sec. East, 349.46 feet along the center line of Ocean Drive to the point of beginning, containing 3.74 acres, save and except the East one-half (1/2) of Ocean Drive embraced within the above metes and bounds.

2. Pipeline Easement dated March 23, 1978, from Hugh C. Jackson to Uni Pipe Line Inc., covering a portion of Lot 4, Block B-B and Lots 3 and 4, Block A-A of the Burton and Danforth Subdivision, San Patricio County, Texas.

3. Pipeline Easement dated March 17, 1978, from Dorothy Gathings to Uni Pipe Line, Inc., covering a portion of Lots 1, 2 and 3, Block "U" and Lot 3, Block "T" of the Burton and Danforth Subdivision, San Patricio County, Texas.

4. Pipeline Easement dated March 20, 1978, from Florence I. Duphorne to Uni Pipe Line, Inc., covering a portion of Lots 2 and 3, Block A-A of the Burton and Danforth Subdivision, San Patricio County, Texas.

EXHIBIT "C"
PAGE 2 OF 14

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154505

5. Pipeline Resolution of the Commissioner's Court of San Patricio County, Texas dated April 28, 1978, authorizing Uni Oil, Inc. to lay, construct, maintain and operate pipelines under, through, across and along certain public roads and highways.

6. Permit No. 1191 dated January 19, 1978, issued by the State Department of Highways and Public Transportation of the State of Texas to Uni-Oil, pertaining to a pipeline across State Highway No. 361, San Patricio County, Texas.

7. Permit No. 1216 dated February 15, 1978, issued by the State Department of Highways and Public Transportation of the State of Texas to Uni Pipe Line, Inc., pertaining to a pipeline across F.M. No. 2725.

8. Perpetual 20' easement reserved in General Warranty Deed, dated May 8, 1984, from American Energy Leasing, Inc. ("Grantor") to A.C. Garrett, et al ("Grantees").

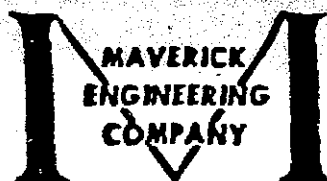
9. Perpetual 15' easement reserved in Warranty Deed, dated July 2, 1984, from American Energy Leasing, inc. ("Grantor") to Central Power and Light Company ("Grantee").

10. Pipeline and valve station easement reserved in General Warranty Deed (With Vendor's Lien), dated March 30, 1984, from American Energy Leasing, Inc. ("Grantor") to J.D. Construction & Refinery Maintenance, Inc. ("Grantee").

11. Resolution of the City of Aransas Pass, Texas, dated November 7, 1977, granting H & J Marine, Inc., its successors and assigns, the right to lay, construct, maintain and operate a pipeline under, through, across and along public roads and highways under the jurisdiction of the City of Aransas Pass, Texas; and Resolution of the Commissioners' Court of San Patricio County, Texas, dated November 14, 1977, granting to H & J Marine, Inc., its successors and assigns, the right to lay, construct, maintain, and operate a pipeline under, through, across and along public roads and highways under the jurisdiction of the County of San Patricio, Texas; which right of way grants and rights relating thereto were assigned by Assignment Of Right-Of-Way, dated January 23, 1978, from H & J Marine, Inc. to Uni Oil, Inc., and which right of way grants and rights relating thereto were assigned to Poda by Assignment of Rights of Way and Permit, dated January 31, 1983, and filed for record in the Official Public Records of Real Property of San Patricio County, Texas, under San Patricio County Clerk's File #315281, to which Resolutions and the assignments thereof reference is hereby made for all purposes.

12. Permit Number 1787, dated April 19, 1979, issued by the State Department of Highways And Public Transportation of the State of Texas to Uni Pipeline, Inc., pertaining to a pipeline through and under FM 1069 and FM 2725, San Patricio County, Texas, which Permit and the rights relating thereto were assigned to Poda by Assignment of Rights of Way and Permit, dated January 31, 1983, above described, to which Permit and the assignment thereof reference is hereby made for all purposes.

02 CHANCELLOR ROW
O. BOX 7747
CORPUS CHRISTI, TEXAS 78418
PHONE: 65121054-0281
FLEX: 767699



FILE NO. 360377
CORPORATE OFFICES:
CORPUS CHRISTI, TEXAS
BRANCHES: HOUSTON, TEXAS
SAN ANTONIO, TEXAS
CORPUS CHRISTI, TEXAS

Job No. C 19,597

October 18, 1984

RECORDER'S MEMORANDUM

At the time of recording, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All blockouts, additions and changes were present at the time the instrument was filed and recorded.

STATE OF TEXAS
COUNTY OF SAN PATRICIO

DESCRIPTION of a [REDACTED] pipeline easement across a portion of Lots 1, 2 and 3, Block II, Burton and Danforth Subdivision, as shown by map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas, described as follows:

COMMENCING at the northwest corner of said Lot 3, being on the centerline of a 40.00 foot roadway between Blocks II and III, said subdivision;

THENCE, along the common boundary between Lots 3 and 4, said Block II, S 34° 37' 00" W, 20.00 feet to the southerly right-of-way of said 40.00 foot roadway, for the POINT OF BEGINNING of this easement;

THENCE, along said southerly right-of-way, S 55° 23' 00" E, 960.00 feet to the westerly right-of-way of a 60.00 foot roadway between Blocks II and 9 of said subdivision;

THENCE, along said westerly right-of-way, S 34° 37' 00" W, 73.50 feet;

THENCE, N 55° 23' 00" W, 960.00 feet to the common boundary between said Lots 3 and 4, Block II;

THENCE, along said common boundary, N 34° 37' 00" E, 73.50 feet to the POINT OF BEGINNING.

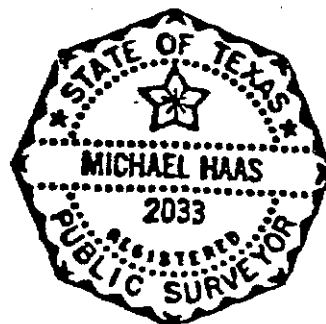
MAVERICK ENGINEERING COMPANY

BY:

Michael Haas

Michael Haas
Registered Public Surveyor
Texas No. 2033

MH:ms



360377

EXHIBIT "C"
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154507

October 10, 1984

Billman Homes, Inc.
4125 Violet Road
Corpus Christi, Texas 78410
Attn: Mr. Daniel H. Billman, President

Gentlemen:

Please make reference to that certain Earnest Money Contract dated September 24, 1984, between American Energy Leasing, Inc., a Delaware corporation ("Seller") and Billman Homes, Inc., a Texas corporation ("Purchaser"), covering 2.25 acres, more or less, out of Farm Lot 3, Land Block "O," Barton and Danforth Subdivision, San Patricio County, Texas, and all improvements thereon (the "Earnest Money Contract").

Simultaneously with the execution and delivery of this Letter Agreement, American Energy Leasing, Inc., one of the undersigned, has executed and delivered to Billman Homes, Inc., a General Warranty Deed covering the land referenced in the Earnest Money Contract and more particularly described by metes and bounds in the Exhibit "A," attached hereto and made a part hereof for all purposes (the "Land"), together with all improvements located on the Land.

The improvements located on the Land are a two-story prefabricated concrete building (the "Concrete Building") and a one-story metal building (the "Metal Building"), the location of which are outlined in a survey plat of the Land marked Exhibit "B" attached hereto and made a part hereof for all purposes.

Article V, Paragraph (A) of the Earnest Money Contract provides as follows:

"V. LEASE AND FURNITURE AND EQUIPMENT.

(A) Lease:

As part of the consideration for Seller conveying the Land to Purchaser, Purchaser agrees to lease to Seller, MidGulf Energy, Inc., or either of their assigns, at no cost or expense to Seller, MidGulf Energy, Inc. or either of their assigns, for a period of twenty-four (24) months, beginning the first day of the month immediately following the Closing (as herein defined) and ending twenty-four (24) full calendar months thereafter, the following:

(i) Three (3) contiguous executive offices, now located in the northwest corner on the ground floor of the two-story office and storage building located on and being a part of the Land (herein called the "Three Offices"); and

(ii) The area in the metal building located on and being a part of the Land in which Seller's laboratory is now located and as much of the remaining storage area in said metal building as Seller reasonably needs to store spare parts, tools,

*ED
L.B.*

360377

EXHIBIT "C"
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equipment and/or supplies relative to Seller's refinery located across Bishop Road from the Land.

Purchaser, however, shall have the right, at any time during said twenty-four (24) month period, to require Seller, MidGulf Energy, Inc. or either of their assigns to vacate the Three Offices upon reasonable notice and by making available, at Purchaser's sole cost and expense, executive offices comparable in size and quality, including, but not limited to, air conditioning and lighting, in either the two-story building or the metal building described above."

The purpose of this Letter Agreement is to implement and supplement the provisions of Article V, Paragraph (A) of the Earnest Money Contract, as follows:

(1) Lease: Billman Homes, Inc. ("Billman") does hereby lease to MidGulf Energy, Inc. ("MidGulf"), and MidGulf does hereby lease from Billman, (i) three contiguous executive offices located in the northwest corner on the ground floor of the Concrete Building and as outlined in red on the said Exhibit "B" (the "Three Offices"), (ii) the area in the Metal Building in which a laboratory is now located and as much of the remaining storage area in the Metal Building as MidGulf reasonably needs to store spare parts, tools, equipment and/or supplies relative to the refinery located across Bishop Road from the Land (the "Metal Building Space") and (iii) five (5) parking spaces adjacent to the Concrete Building and/or the Metal Building (the "Parking Spaces").

(2) Term: The term of this Lease Agreement shall begin on the date hereof and shall terminate on October 31, 1986, unless otherwise extended by mutual agreement.

(3) Rent: For the term of this Lease Agreement, MidGulf shall have no rental obligation to Billman, it being understood that part of the consideration for the conveyance by American Energy Leasing, Inc. to Billman of the Land and the improvements located thereon includes, but is not limited to, the lease of the Three Offices, the Metal Building Space and the Parking Spaces to MidGulf at no rental cost to MidGulf.

(4) Use: MidGulf shall have the right to use the Three Offices and the Metal Building Space for any lawful purpose.

(5) Relocation: Billman shall have the right at any time during the term of this Lease Agreement to require MidGulf to vacate the Three Offices upon reasonable notice and by making available, at Billman's sole cost and expense, executive offices comparable in size and quality to the Three Offices, including, but not limited to, air conditioning and lighting, in either the Concrete Building or the Metal Building.

(6) MidGulf's Covenants: MidGulf covenants and agrees as follows:

(a) To take good care of the Three Offices and the Metal Building Space and suffer no waste, and at the termination of this Lease Agreement, to deliver the Three Offices and the Metal Building Space to Billman in as good

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condition as received by MidGulf, reasonable wear and tear and damage by fire, flood, windstorm, tornado, hurricane or other elements or, without limitation by the foregoing enumeration, other causes beyond MidGulf's control excepted;

(b) To comply with all valid ordinances, regulations and laws of any municipal or other governmental authority applicable to MidGulf's use of the Three Offices and/or the Metal Building Space;

(c) To keep the interior of the Three Offices and/or the Metal Building Space in a good state of repair;

(d) To pay all taxes assessed with respect to the personal property owned by MidGulf and kept on or used in connection with the Three Offices and/or the Metal Building Space; and

(e) To pay all charges for water, gas, electricity or other utilities incurred by MidGulf in connection with the use of the Three Offices and/or the Metal Building Space.

(7) Billman's Covenants: Billman covenants and agrees as follows:

(a) That Billman has good and marketable title to the Three Offices, the Metal Building Space and the Parking Spaces in fee simple absolute, and that the same are subject to no leases, tenancies, agreements, encumbrances, liens or defects in title adversely affecting them or the rights granted MidGulf in this Lease Agreement;

(b) To keep the exterior of the Concrete Building and the Metal Building in good repair, including, but not limited to, repair and maintenance of the roof and the structural soundness of the foundation and exterior walls, and to also keep in good repair the parking area in respect of the Parking Spaces;

(c) To pay all real property taxes assessed against the Land and the improvements located thereon before the same shall become delinquent; and

(d) To carry, at Billman's expense, fire and extended coverage insurance on the Concrete Building and the Metal Building, and any contents therein belonging to Billman, in an amount not less than 80% of the full insurable value thereof, and upon request therefor, Billman agrees to furnish MidGulf evidence of such coverage. Further, Billman does hereby waive and relinquish any right of recovery from MidGulf, its agents, servants or employees for loss resulting from their acts or failure to act, which loss is covered by such insurance.

(8) Signs: MidGulf shall have the right to install at its own expense its usual signs or other items identifying its business and to make such alterations, changes or additions on or to the Three Offices and/or the Metal Building Space as it finds necessary or convenient for its purposes, provided the Three Offices, the Metal

Billman

Building Space, the Concrete Building and/or the Metal Building shall not be structurally damaged thereby.

(9) Assignment: MidGulf shall have the right to assign this Lease Agreement without obtaining the consent of Landlord; however, any such assignment shall be subject to all the terms and provisions of this Lease Agreement, and upon any such assignment, MidGulf shall be relieved of the obligations imposed on or assumed by it hereunder.

(10) Hold Harmless: MidGulf agrees to hold harmless Billman from and against any and all claims, demands or causes of action for any damage to person or property caused by any negligence of MidGulf its agents, servants or employees.

(11) Notices: All notices and demands which may be or are required or permitted to be given by any party to any other party herewith shall be in writing and shall be deemed to have been delivered and received by the party to whom such notice or demand is addressed on the day following the day that such notice or demand is delivered to U.S. Post Office or an official depository under the care and custody of the United States Postal Services, certified mail, postage prepaid and addressed as follows:

If to MidGulf:

MidGulf Energy, Inc.
c/o Richard F. Bergner
5718 Westheimer, Suite 700
Houston, Texas 77057

If to Billman:

Billman Homes, Inc.
4125 Violet Road
Corpus Christi, Texas 78410
Attn: Daniel H. Billman, President

Said addresses may be changed from time to time by either party by notifying the other party in writing.

(12) Parties Bound: This Lease Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(13) Governing Law: This Lease Agreement and the performance thereof shall be construed in accordance with and be governed by the laws of the State of Texas.

If the foregoing correctly sets forth your understanding of the terms and conditions relative to the lease by MidGulf, its successors and assigns of the Three Offices, the Metal Building Space and the Parking Spaces above described, then please sign triplicate originals of this letter in the space provided below, and return two (2) executed originals

CHS
DHB

to the undersigned, whereupon this Letter Agreement shall become a binding agreement in accordance with its terms and provisions.

AMERICAN ENERGY LEASING, INC.

By *Richard F. Bergner*
Richard F. Bergner, President

MIDGULF ENERGY, INC.

By *Richard F. Bergner*
Richard F. Bergner, President

AGREED TO and accepted this 10 day of October, 1984.

BILLMAN HOMES, INC.

By *Daniel H. Billman (Pres.)*
Daniel H. Billman, President

THE STATE OF TEXAS §
 §
COUNTY OF SAN PATRICIO §

This instrument was acknowledged before me on this the 10 day of October, 1984, by Richard F. Bergner, President of American Energy Leasing, Inc., a Delaware corporation, on behalf of said corporation.

Mary E. Kelly
Notary Public In And For
The State Of TEXAS

THE STATE OF TEXAS §
 §
COUNTY OF SAN PATRICIO §

This instrument was acknowledged before me on this the 10 day of October, 1984,
by Richard F. Bergner, President of MidGulf Energy, Inc., a Texas corporation, on behalf
of said corporation.


Notary Public In And For
The State Of TEXAS

THE STATE OF TEXAS §
 §
COUNTY OF SAN PATRICIO §

This instrument was acknowledged before me on this the 11 day of October, 1984,
by Daniel H. Billman, President of Billman Homes, Inc., a Texas corporation, on behalf of
said corporation.


Notary Public In And For
The State Of TEXAS

503 CHANCELLOR ROW
P.O. BOX 2747
CORPUS CHRISTI, TEXAS 78415
PHONE: (512) 854-0281



FILE NO. 360377
CORPUS CHRISTI, TEXAS
BRANCHES: HOUSTON, TEXAS
SAN ANTONIO, TEXAS
CORPUS CHRISTI, TEXAS

Job No. C 26,376

October 4, 1984

STATE OF TEXAS
COUNTY OF SAN PATRICIO

FIELDNOTE DESCRIPTION of a portion of Lot 3, Block O, Burton and Danforth Subdivision, as shown by map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas, described as follows:

COMMENCING at the southwesterly corner of said Lot 3, being at the intersection of the centerline of Farm-to-Market Road 2725 with the centerline of a 40.00 foot roadway between Blocks N and O of said subdivision;

THENCE, along the centerline of said 40.00 foot roadway and the southerly boundary of said Lot 3, S 55° 23' 00" E, 50.00 feet to the easterly right-of-way of said Farm-to-Market Road, for the POINT OF BEGINNING of this tract;

THENCE, along said easterly right-of-way, N 34° 37' 00" E, at 20.00 feet pass a 5/8 inch iron rod set on the northerly right-of-way of said 40.00 foot roadway, in all 394.97 feet to a 5/8 inch iron rod set inside a 1-1/2 inch iron pipe found;

THENCE, S 55° 23' 00" E, 280.00 feet to a 5/8 inch iron rod found on the easterly boundary of said Lot 3;

THENCE, along said easterly boundary, S 34° 37' 00" W, at 374.06 feet pass a brass monument in concrete found, at 374.97 feet pass the northerly right-of-way of said 40.00 foot roadway, in all 394.97 feet to the southeasterly corner of said Lot 3, being on the centerline of said 40.00 foot roadway;

THENCE, along said centerline and the southerly boundary of said Lot 3, N 55° 23' 00" W, 280.00 feet to the POINT OF BEGINNING.

CONTAINING 2.5388 acres, more or less, of which 0.1286 acre is in road right-of-way.

MAVERICK ENGINEERING COMPANY

BY:

Michael Haas

Michael Haas
Registered Public Surveyor
Texas No. 2033

MH:ms

207B



360377

EXHIBIT "C"
PAGE 11 OF 14

154514

October 17, 1984

Mr. Daniel H. Billman
President
Billman Homes, Inc.
4125 Violet Road
Corpus Christi, Texas 78410

Dear Dan:

Please make reference to that certain Letter Agreement, dated October 10, 1984, between American Energy Leasing, Inc., a Delaware corporation, and MidGulf Energy, Inc., a Texas corporation, on the one hand, and Billman Homes, Inc., a Texas corporation, on the other hand (the "Lease Agreement").

As you know, the Lease Agreement was entered into as part and parcel of the sale by American Energy Leasing, Inc. to Billman Homes, Inc. of 2.5388 acres, more or less, of the surface estate out of Farm Lot 3 in Block "O," Burton & Danforth Subdivision, Abstract 184, San Patricio County, Texas and all improvements thereon; and furniture, fixtures and equipment described in Bill of Sale, dated October 10, 1984, from American Energy Leasing, Inc. to Billman Homes, Inc., reference being made to said Bill of Sale for all purposes.

This letter agreement shall serve as an addendum to the Lease Agreement (this "Addendum"). Terms defined in the Lease Agreement shall have the same meaning in this Addendum as in the Lease Agreement.

As we discussed, in addition to the Three Offices, the Metal Building Space and the Parking Spaces, it was agreed that MidGulf Energy, Inc., its successors and assigns, at no cost or expense (except as otherwise stated in this Addendum), shall also have the exclusive use and possession of office furniture and equipment (sold to Billman Homes, Inc. pursuant to said Bill of Sale) reasonably necessary for use in the Three Offices, as well as the exclusive use and possession of the storage racks and the portable metal building behind the Metal Building (also sold to Billman Homes, Inc. pursuant to said Bill of Sale), all for the term of the Lease Agreement.

MidGulf Energy, Inc., its successors and assigns, agrees to take good care of said office furniture and equipment, storage racks and portable building and, upon the termination of the Lease Agreement, to deliver them to Billman Homes, Inc. in as good condition as received, reasonable wear and tear excepted.

MidGulf Energy, Inc. also shall have the right to assign the rights and obligations contained in this Addendum without obtaining the consent of Billman Homes, Inc., provided that any such assignment shall be subject to the terms and provisions of this Addendum and upon such assignment, MidGulf Energy, Inc. shall be relieved of the obligations imposed on or assumed by it hereunder.

Except as supplemented by this Addendum, the Lease Agreement shall remain unchanged and in full force and effect.

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EXHIBIT "C"
PAGE 13 OF 14

154516

Mr. Daniel H. Billman
October 17, 1984
Page Two

FILE NO. 360377

Please confirm your agreement with this Addendum by signing duplicate originals hereof in the space provided below and returning the duplicate originals to the undersigned. The third original also enclosed is for the files of Billman Homes, Inc.

Very truly yours,

AMERICAN ENERGY LEASING, INC.

By *Richard F. Bergner*
Richard F. Bergner, President

MIDGULF ENERGY, INC.

By *Richard F. Bergner*
Richard F. Bergner, President

AGREED AND accepted this 22nd day of October, 1984.

BILLMAN HOMES, INC.

By *Daniel H. Billman (Pres)*
Daniel H. Billman, President

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EXHIBIT "C"
PAGE 14 OF 14

154517

FILE NO. 360377

1. Texas Air Control Board Permit No. R-6027 (Crude Oil Topping Plant and Barge Dock No. R-1 Ingleside, San Patricio County, Texas), Permit No. R-6625 (Crude Oil Topping Unit No. R-2 Ingleside, San Patricio County, Texas), and Permit No. C-7557 (Unleaded Gasoline Production Facility Ingleside, San Patricio County, Texas); and

2. Texas Department Of Water Resources Permit No. 02142, approved November 17, 1980, as renewed by Texas Water Commission order, dated March 30, 1983

GENERAL WARRANTY DEED

360377 COMPARED

AMERICAN ENERGY LEASING, INC.

TO

FALCON REFINING COMPANY

FILED FOR RECORD

at 7:32 o'clock M.

MAY 29 1987

DOTTIE MALEY
CLERK COUNTY COURT SAN PATRICIO CO., TEX.
P. DRACHENBERG Deputy

CHARGE & RETURN TO:
STEWART TITLE OF SAN PATRICIO COUNTY, INC.
P.O. BOX 1001
ARANSAS PASS, TEXAS 78336

THIS STATE OF TEXAS
COUNTY OF SAN PATRICIO
HEREBY CERTIFY
THAT THIS INSTRUMENT WAS FILED ON THE DATE AND
TIME STAMPED HEREON BY ME AND WAS DULY RECORDED
ON THE 29 DAY OF May 1987. FILE NO.
360377 OF THE REAL PROPERTY RECORDS
OF SAN PATRICIO COUNTY, TEXAS.
DOTTIE MALEY
COUNTY CLERK
SAN PATRICIO
COUNTY, TEXAS
P. DRACHENBERG

EXHIBIT "D"
PAGE 1 OF 1

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